

## **ORDER CONFIRMING AND APPROVING POWER RATES FOR SHORT-TERM ENERGY SALES ON A FINAL BASIS**

Pursuant to Sections 302(a) and 301(b) of the Department of Energy Organization Act, Public Law 95-91, the functions of the Secretary of the Interior and the Federal Power Commission under Section 5 of the Flood Control Act of 1944, 16 U. S. C. 825s, relating to Southeastern Power Administration (Southeastern), were transferred to and vested in the Secretary of Energy. By Delegation Order No. 00-037.00, effective December 6, 2001, the Secretary of Energy delegated to the Administrator the authority to develop and place into effect on a final basis rates for short-term sales of capacity, energy, or transmission service. Existing DOE procedures for public participation in power rate adjustments (10 CFR part 903) were published on September 18, 1985.

### **BACKGROUND**

Power from the Cumberland System is presently sold under wholesale rate schedules CBR-1-E, CSI-1-E, CEK-1-E, CM-1-E, CC-1-F, CK-1-E, CTV-1-E, and SJ-1-B. These rate schedules were approved by FERC on August 2, 2004 (108 FERC 62113). The existing rate schedules are predicated on a marketing policy that provides peaking capacity, along with 1500 hours of energy with each kilowatt of capacity, to customers outside the Tennessee Valley Authority (TVA) transmission system. Due to restrictions on the operation of the Wolf Creek Project imposed by the U. S. Army Corps of Engineers as a precaution to prevent failure of the dam, Southeastern will not be able to provide peaking capacity to these customers. An interim operating plan for the Cumberland System will provide these customers with energy that does not include capacity. Because the rate design incorporated in the existing rate schedules recovers all costs from capacity, new rate schedules are necessary to recover costs under the interim operating plan. Interim wholesale rate schedules CBR-1-F, CSI-1-F, CEK-1-F, CM-1-F, CC-1-G, CK-1-F, and CTV-1-F are to replace the present rate schedules while the interim operating plan is in effect for the Cumberland System. Should the interim operating plan become unnecessary prior to September 30, 2008, rate schedules CBR-1-E, CSI-1-E, CEK-1-E, CM-1-E, CC-1-F, CK-1-E, CTV-1-E, and SJ-1-B will return to service.

### **Public Notice and Comment**

Existing DOE procedures for public participation in power rate adjustments are documented in 10 CFR part 903. Section 903.1 (c) exempts short-term sales of capacity, energy, and transmission from public participation.

### **DISCUSSION**

The interim rate schedules are based upon a repayment study submitted to FERC October 7, 2003 in support of the existing rate schedules. An update of this repayment study

submitted to the Deputy Secretary, Department of Energy, on March 28, 2006, demonstrated that rates were adequate to meet repayment criteria as required by existing law and DOE Procedure RA 6120.2. The Administrator hereby certifies that the rates are consistent with applicable law and that they are the lowest possible rates to customers consistent with sound business principles.

### **Environmental Impact**

Southeastern has reviewed the possible environmental impacts of the rate adjustment under consideration and has concluded that, because the adjusted rates would not significantly affect the quality of the human environment within the meaning of the National Environmental Policy Act of 1969, the proposed action is not a major Federal action for which an Environmental Impact Statement is required.

### **Availability of Information**

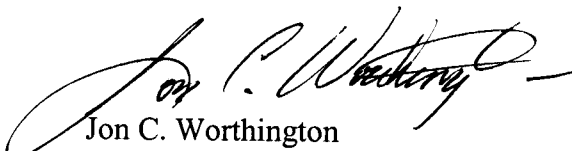
Information regarding these rates, including studies and other supporting materials, is available for public review in the offices of Southeastern Power Administration, 1166 Athens Tech Road, Elberton, Georgia 30635.

### **ORDER**

In view of the foregoing and pursuant to the authority delegated to me by the Secretary of Energy, I hereby confirm and approve, on a final basis, effective February 25, 2007, attached Interim Wholesale Power Rate Schedules CBR-1-F, CSI-1-F, CEK-1-F, CM-1-F, CC-1-G, CK-1-F, and CTV-1-F. The Interim Rate Schedules shall remain in effect through February 24, 2008, unless the interim operating plan is revoked prior to such time.

2/28/2007

Dated:

  
Jon C. Worthington  
Administrator